



1-1-2002

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### Recommended Citation

Frank X. Curci, *Protecting Your Intellectual Property Rights Overseas*, 15 PAC. MCGEORGE GLOBAL BUS. & DEV. L.J. 15 (2002).  
Available at: <https://scholarlycommons.pacific.edu/globe/vol15/iss1/5>

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# Protecting Your Intellectual Property Rights Overseas

Frank X. Curci\*

## I. INTRODUCTION

While legal protections for fundamental intellectual property rights are well established in the United States, the development of, and philosophical basis for, the enactment and enforcement of intellectual property law differs widely from nation to nation.<sup>1</sup> Accordingly, as American companies increasingly expand their business globally, these companies should also become aware of the best methods of protecting their intellectual property rights overseas. The key intellectual property rights covered by this article are: (1) trademarks/service marks, (2) copyrights, (3) patents, and (4) trade secrets.<sup>2</sup>

This article states the basic concept of each of the key intellectual property rights from the American viewpoint; highlights some worldwide harmonization efforts with regard to these rights; identifies select fundamental differences between American intellectual property laws and those of other nations; and finally, this article alerts the reader to fundamental concerns regarding the potentials for piracy of intellectual property rights in certain nations.

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1. See *infra* notes 74-81 and accompanying text.

2. See Convention Establishing the World Intellectual Property Organization, July 14, 1967, 21 U.S.T. 1749, 828 U.N.T.S. 3, art. 2 (viii) [hereinafter WIPO Convention]. Article 2 (viii) provides that:

[I]ntellectual property shall include the rights relating to (1) literary, artistic and scientific works, (2) performances of performing artists, phonograms and broadcasts, (3) inventions in the fields of human endeavor, (4) scientific discoveries, (5) industrial design, (6) trademarks, service marks and commercial names and designations, (7) protection against unfair competition and all other rights resulting from intellectual activity in the industrial, scientific, literary or artistic fields.

*Id.* art. 2(viii). The World Intellectual Property Organization (WIPO) is a specialized agency of the United Nations, and is headquartered in Geneva, Switzerland. See generally the WIPO website, available at <http://www.wipo.org/> (last visited Dec. 5, 2001) [hereinafter WIPO website]. The WIPO's primary function is to administer and monitor the compliance of member nations with some of the major multinational intellectual property agreements, conventions, and treaties, including, but not limited to, the International Convention for the Protection of Industrial Property, the Berne Convention for the Protection of Literary and Artistic Works, and the Patent Cooperation Treaty. The WIPO's charter also authorizes it to foster intellectual property protection worldwide; thus, the WIPO often proposes new treaties, such as the Trademark Law Treaty. See *infra* note 18.

## II. TRADEMARKS

Under the laws of the United States, a trademark or service mark, commonly called a “mark(s),” is generally defined as a word, name, symbol, device or any other combination thereof used on goods or associated with services to distinguish the source of those goods or services from those of others.<sup>3</sup> While marks in the United States can be protected through asserting common law rights and state registrations, federal registration with the United States Patent & Trademark Office (PTO) provides greater protection. While the PTO allows submission of an application to register a mark based only on the applicant’s *bona fide* intent to use the mark in interstate or international commerce,<sup>4</sup> United States law, contrary to the practice in many other nations, prohibits the PTO’s registration of that mark if the applicant fails to ultimately prove use of that mark in such commerce.<sup>5</sup> Once a mark is registered, the United States, again in contrast to the practice in many other nations, requires registrants to prove use of a mark in commerce at various stages, including one year prior to *each* renewal, in order to maintain the registration.<sup>6</sup>

In contrast to the “first-to-use” registration system in the United States, many other nations have a “first-to-file” registration system, which provides that the *first* applicant who files an application for a mark will be granted an appropriate registration for that mark.<sup>7</sup> In most “first-to-file” nations, an applicant need not submit evidence of use of the mark at either the application or registration stage, and will typically have to submit relatively minimal, if any, evidence of use to maintain the registration.<sup>8</sup>

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3. See 15 U.S.C.A. § 1127 (2001) (defining “trademark”).

4. With the passage of the Trademark Law Revision Act of 1988, Pub. L. No. 100-667, 102 Stat. 3935 (codified at 15 U.S.C. §§ 1051-1127 (1988)), effective November 16, 1989, applicants may submit an application to register a trademark before actual use of the trademark in commerce, provided the applicant “has a bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce.” However, within certain time periods (including potential extensions), the applicant must submit a “statement of use” providing evidence that the trademark is in use in commerce, or the application will be deemed abandoned.

5. 37 C.F.R. § 2.33(b)(2) (2001).

6. 15 U.S.C.A. § 1058 (2001).

7. Japan, for example, uses the “first-to-file” registration system. See, e.g., Frank X. Curci and Tamotsu Takura, *Selected Aspects of Japanese Intellectual Property Law*, 8 TRANSNAT’L LAW. 311 (1995). For a discussion of Japan’s trademark law and procedure, see generally KENNETH L. PORT, *JAPANESE TRADEMARK JURISPRUDENCE* (1998).

Many European Union nations, such as France, also use a “first-to-file” registration system. See Richard D. Harris, *Trademark and Copyright Law on the World Wide Web: A Survey of the Wild Frontier*, 588 PLI/Pat 553, 560 n.26 (2000). For further comparison of “first to file” registration systems with “first-to-use” registration systems, see Daniel C. Schutle, *The Madrid Trademark Agreement’s Basis in Registration-Based Systems: Does the Protocol Overcome Past Biases?*, 77 J. PAT. & TRADEMARK OFF. SOC’Y 595, 603-10 (1995).

8. See *infra* note 9 and accompanying text.

The “first-to-file” system presents both benefits and burdens to American companies doing business overseas. On a positive side, this system allows an American company to register a mark in certain foreign nations before beginning to actually use the mark in those nations. This advantage allows the company to begin the process of protecting company marks before incurring the significant capital expense of actually selling or distributing goods or providing services in association with that mark in that particular nation.

On the negative side, however, an American company’s mark may already be registered in a particular foreign nation by a third party, possibly by a competitor, because the “first-to-file” system fosters registration of marks that a registrant may not actually use.<sup>9</sup> A company’s ability to cancel the third party’s registered mark will likely be more limited than if this situation occurred in the United States.<sup>10</sup> Thus, for American companies intending to do business overseas, it is prudent to first analyze appropriate overseas protection of marks and consider registering certain marks in “first-to-file” nations before actually doing business in those nations to avoid the possibility of another entity, such as a competitor, acquiring prior registration rights in that mark.

With the exception of the European Union’s Community Trade Mark (CTM)<sup>11</sup> registration process, there is currently no truly centralized method available to American companies for registering a mark in multiple nations around the world.<sup>12</sup> Thus, American companies generally must submit mark

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9. For a discussion of Japan’s trademark brokers, see John Kakinuki, *Protection of Trade Marks and Anti-counterfeiting Law in Japan*, 11 E. ASIAN EXECUTIVE REP., nos. 4 & 5 (1989) (copy on file with *The Transnational Lawyer*).

10. Some nations, such as Japan, have laws that grant special rights to “well known” marks in this situation. Japan’s Unfair Competition Prevention Act (UCPA) provides for monetary damages, injunctive relief, and other remedies where a third party uses a mark similar or identical to a mark that is “well known” in Japan or abroad. See generally TERUO DOI, *INTELLECTUAL PROPERTY PROTECTION AND MANAGEMENT: LAW AND PRACTICE IN JAPAN* 189-91, 341-48, translated in Inst. Comp. L., No. 19 (1992). These protections are afforded the holder of the well-known mark even if the mark is not registered in Japan. *Id.* at 189. Generally, to obtain a remedy under the UCPA, the following must be established: (1) the plaintiff’s mark must be “well known” in Japan or abroad; (2) there is an injury to the business interest of the owner of the well known mark; and (3) the defendant committed an unfair competitive act enumerated in the UCPA. Additional criteria may apply to marks that are well known only outside of Japan. For such criteria, see Japan Trademark Association, 5 JTA BULLETIN 3 (1998). One key limitation to relying on a claim that your mark is “well-known” is that proving that a mark is “well-known” is often a difficult hurdle; therefore, such protections may not apply to many American entities.

11. See generally Council Regulation (EC) 40/94 of 20 December 1993 on the Community Trade Mark, 1994 O.J. (L 11) 1 [hereinafter CTM]. For a discussion of the CTM, see *infra* note 13 and accompanying text.

12. The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, adopted June 27, 1989, WIPO Pub. No. 204(E) [hereinafter Madrid Protocol], another multinational agreement, seeks to establish such a centralized global filing system through WIPO. The United States, however, has not yet acceded to the Madrid Protocol. In the event the United States does accede to this Protocol, American entities doing business in multiple nations should evaluate the benefits of using the Madrid Protocol to simplify multiple filings in Madrid Protocol nations. However, as long as the United States fails to accede to the Madrid Protocol, and with the exception of the European Union CTM registration process, there is currently no truly centralized method available to American companies for registering a mark in multiple nations around the world. Thus, American companies generally must submit mark applications in each nation in which the

applications in each nation in which the company seeks a registration. American companies doing business in the European Union should, however, analyze the benefits of obtaining a CTM, which provides for the registration of one mark to cover all European Union nations.<sup>13</sup> The CTM should be analyzed as either an alternative, or an additional registration, to individual national mark registrations in particular European Union nations.

While efforts to create a centralized worldwide filing system for mark applications have had limited success, there are other international conventions and agreements that provide benefits to American entities seeking to protect their marks overseas. For example, all American companies contemplating multinational trademark applications should be aware of the benefits of the International Convention for the Protection of Industrial Property (Paris Convention).<sup>14</sup> The Paris Convention, which has numerous member nations, including the United States, provides that if a national of a member nation files a mark application in any member nation, any subsequent application in a Paris Convention nation filed within six months of the first application will enjoy (as a "priority date") the filing date of the original application.<sup>15</sup> Thus, the timing of applications in multiple nations can be critical.

The United States and many other nations are also members of the Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks (Nice Convention).<sup>16</sup> The Nice Convention seeks to make the classification and description of goods and services in mark applications more uniform and standard throughout the world; in other words, from an American viewpoint, the more closely the examiners in a foreign nation adhere to the Nice system, the better.

Despite additional efforts to harmonize global trademark law and practice, such as the Agreement on Trade-Related Aspects of Intellectual Property Rights

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company seeks a registration. For a discussion of general benefits of the Madrid Protocol and the pros and cons of U.S. accession to the Madrid Protocol, see generally Dr. Ian Jay Kaufman, *The Madrid Protocol: Pros and Cons For U.S. Applicants*, a paper presented at the Second Annual Conference on International Intellectual Property Law and Policy, at Fordham University, New York City, New York, in April, 1994 (copy on file with *The Transnational Lawyer*); see also Virginia R. Richard, *The Madrid Protocol: Pros and Cons Of Adherence By The United States*, a paper presented at the Second Annual Conference on International Intellectual Property Law and Policy at Fordham University, New York City, New York, in April, 1994 (copy on file with *The Transnational Lawyer*).

13. For discussion of CTM registration procedure, see generally Frank X. Curci & Guy Soussan, *The European Union Community Trade Mark*, a paper presented at the Second Annual Conference on Intellectual Property in the Global Marketplace, at Northwestern School of Law of Lewis & Clark College, Portland, Oregon, on October 23, 1998 (copy on file with *The Transnational Lawyer*).

14. International Convention for the Protection of Industrial Property, Mar. 20, 1883, 25 Stat. 1372, T.S. No. 379, as amended at Stockholm, July 14, 1967, 21 U.S.T. 1583, T.I.A.S. No. 6923 [hereinafter Paris Convention]. For a discussion of the benefits of the Paris Convention, see generally NILS VICTOR MONTAN, TRADEMARK ANTICOUNTERFEITING IN ASIA AND THE PACIFIC RIM 65-71 (2001).

15. See generally Paris Convention, *supra* note 14.

16. Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks, June 15, 1957, 23 U.S.T. 1336, 550 U.N.T.S. 45 [hereinafter Nice Convention].

(TRIPs)<sup>17</sup> and the World Intellectual Property Organization's (WIPO) Trademark Law Treaty,<sup>18</sup> differences, in addition to those noted above,<sup>19</sup> still exist from nation to nation. For example, "use" requirements,<sup>20</sup> treatment of service marks,<sup>21</sup>

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17. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, art. 9, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, LEGAL INSTRUMENTS—RESULTS OF THE URUGUAY ROUND vol. 31, 33 I.L.M. 81 (1994) [hereinafter TRIPs]. TRIPs, which was an agreement within the Uruguay Round of the General Agreement on Tariffs and Trade signed in 1994, requires its members to eventually adopt laws that establish certain minimum standards of protection for specific intellectual property rights, including trademarks, geographic designations, copyrights, patents and trade secrets. *See generally* Richard E. Neff, *An IP Practitioner's Guide to GATT*, 2 INT'L COMPUTER LAW. 2 (1994) (copy on file with *The Transnational Lawyer*). TRIPs is often viewed as a mechanism for compelling developing nations to "raise" their intellectual property laws to minimum levels of protection and rights acceptable to Western nations, such as the United States and the European Union. TRIPs, however, does not provide for a centralized system for the filing of applications for mark registrations in numerous nations. The Council for Trade Related Aspects of Intellectual Property Rights was established to monitor the compliance with TRIPs by member nations. *Id.* at 13. TRIPs is one of the first multilateral intellectual property agreements that includes detailed provisions for the enforcement of minimal intellectual property rights. *Id.* at 10-13. TRIPs' enforcement mechanisms are essentially maintained through the World Trade Organization (WTO).

During the TRIPs negotiations, the protection of geographic indications for wines and spirits pursuant to Article 3, Section 23 of TRIPs, was hotly debated between the United States and certain European Union nations. The United States resisted granting such protections because of the widespread use of such terms as "champagne" and "chianti" in the United States wine industry. *Id.* at 6-7. On the other hand, many European Union nations wanted greater protection for certain geographic indications of wine, such as wines originating from the Chianti region of Italy or the Champagne region of France. *Ibid.*

18. World Intellectual Property Organization, Trademark Law Treaty, adopted at Geneva, Oct. 27, 1994 [hereinafter Trademark Law Treaty], available at <http://www.wipo.org/treaties/ip/trademark-law/index.html> (last visited Jan. 12, 2002) (on file with *The Transnational Lawyer*). As a result of WIPO's trademark harmonization program, a special harmonization effort was convened in 1990s to discuss the creation of a WIPO trademark law treaty. The initial purpose of such a treaty was to further the harmonization of numerous substantive areas of trademark law, such as the meaning of a trademark. However, once the conference members realized the degree of resistance by certain nations to any whole-scale changes to substantive trademark law, the conference changed its focus to address quasi-substantive law matters and more procedural matters.

Japan adopted the Trademark Law Treaty on April 1, 1997. *See generally*, WIPO website, *supra* note 2. For a discussion of the June 1996 amendments (effective April 1, 1997) to Japan's Trademark law which were adopted, in part, to allow Japanese law to adhere to the Trademark Law Treaty, *see* Frank X. Curci, *Japanese Trademark Law: Recent Developments and Amendments*, a paper presented at the Fifth Annual Conference on International Intellectual Property Law and Policy, at Fordham University in New York City, New York, on April 3-4, 1997 [hereinafter Curci 1997 Article] (copy on file with *The Transnational Lawyer*). The United States became a party to the Trademark Law Treaty on August 12, 2000. *See* WIPO website, *supra* note 2. For a discussion of practical aspects of the Trademark Law Treaty on U.S. trademark law and practice, *see* International Trademark Association, 54 INTA Bulletin 1-2 (Jan. 15, 1999); *see also* the Trademark Law Treaty Implementation Act, Pub. L. No. 105-330, 112 Stat. 3064 (1998).

19. *See supra* text accompanying notes 3-10 (discussing the differences between "first-to-file" and "first-to-use" registration systems).

20. The United States trademark system is viewed by many other nations as a system that does not accept "token" use of its marks. Indeed, the United States requires proof of actual use of a mark in interstate commerce or foreign commerce with the United States at various points in the ownership of a registration (including one year prior to each renewal and between the 5th and 6th year of the registration). Luckily for the American company, proof of use in certain other nations is often not as stringent as in the United States. For example, Japan amended its trademark law, effective April 1, 1997, to provide that, upon renewal of a registration, the owner of a registration need only submit a renewal application and pay a fee. *See* Curci 1997 Article, *supra* note 18, at Section II (7). Japanese law no longer requires that a registrant prove use of the mark

and duration and renewal procedures<sup>22</sup> may vary.

### III. COPYRIGHTS

In the United States, an original work of authorship fixed in a tangible medium of expression is protected under the federal copyright statute.<sup>23</sup> Protected works include literary works, musical works, dramatic works, computer programs, sound recordings and sculptural works.<sup>24</sup> Copyright owners are granted certain exclusive “economic rights,” including the exclusive right to the public performance of a work; public display of a work; distribution of copies of a work by sale, lease, rental, lending or otherwise; reproduction of a work in copies; and preparation of derivative works.<sup>25</sup>

The United States is a member of the Berne Convention for the Protection of Literary and Artistic Works (Berne Convention).<sup>26</sup> All Berne Convention nations must recognize certain fundamental copyright principles set forth in the Berne Convention. One key principle is the notion that a copyright comes into existence upon the creation of the original work of authorship, and that Berne Convention nations cannot impose prerequisites to obtaining that copyright, including such pre-creation formalities as registration or providing copyright notice.<sup>27</sup> However,

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at the time of renewal. *Id.*

21. Marks for service providers, commonly called “service marks,” are not necessarily registrable in all nations. Indeed, Japan only recognized the registration of service marks, effective April 1, 1992, as the result of a 1991 amendment to Japan’s Trademark Act which expanded the definition of trademarks to include service marks. *See generally* TERUO DOI, *supra* note 10, at 197-256 (discussing the protection of service marks in Japan pursuant to service mark registration system). The 1991 amendment was the result of foreign criticism, particularly from the United States, that the Japanese legal system lacked a formal law and registration system that adequately protected service marks. *See* Japanese Patent Office, *Outline of Japanese Trademark System*, at <http://www.jpo.go.jp/> (last visited Jan. 12, 2001) (on file with *The Transnational Lawyer*). Also, in certain nations that register service marks, certain services may still not be registerable. In Japan, for example, the Japanese Patent Office’s (JPO) current practice is not to allow registration for any “retail services.” *See* Japan Trademark Association, 8 JTA BULLETIN, 1-4 (2001) (discussing the Tokyo High Court’s decision to uphold this JPO practice).

22. In the United States, a mark registration is initially effective for ten years; renewal thereafter is permitted at ten-year intervals. The ten-year duration period is a common period in many foreign nations, including Japan. However, duration varies in many nations.

23. 17 U.S.C. § 102 (1995).

24. *Id.*

25. *Id.* § 106.

26. Berne Convention for the Protection of Literary and Artistic Works, Sept. 9, 1886, revised in Paris on July 24, 1971, 828 U.N.T.S. 221 [hereinafter Berne Convention]. The preamble to the Berne Convention indicates that the purpose of the Berne Convention is to cause the Berne Convention member nations “to protect, in as effective and uniform a manner as possible, the rights of authors in their literary and artistic works.” The United States joined the Berne Convention effective March 1, 1989 via the Berne Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853, 2854 (1988) (codified in various sections of 17 U.S.C.) [hereinafter Berne Implementation Act], available at <http://www.wipo.org/treaties/ip/berne/berne.pdf> (last visited Nov. 19, 2001) (on file with *The Transnational Lawyer*).

27. *See* Berne Convention, *supra* note 26, art. 5(2); *see also* 4 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 17.01(C)(2)(b) (1988) [hereinafter NIMMER ON COPYRIGHT] (discussing how

the Berne Convention does permit member nations to impose certain post-creation formalities on works that originate within that particular member nation.<sup>28</sup> This is why United States copyright law provides that a “United States work”<sup>29</sup> must first be registered with the U.S. Copyright Office before the copyright owner of such work can institute an infringement action in United States courts.<sup>30</sup> Additionally, registration with the U.S. Copyright Office within specified time periods is necessary before the owner of a “United States work” can take full advantage of certain statutory damages and statutory attorney’s fees in an infringement action.<sup>31</sup> However, such post-creation “formalities” do not apply to works originating from other Berne Convention nations seeking copyright protection in the United States as long as such works are not otherwise deemed to be a “United States work.”<sup>32</sup>

While the Berne Convention has harmonized copyright standards among Berne Convention nations more than any other international treaty has done for other intellectual property rights, the scope or degree of copyright protection can

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Congress, pursuant to the Berne Implementation Act, “had to demolish the whole system of formalities, insofar as they stood as a condition to copyright protection” in order to allow the United States to join the Berne Convention); *see also id.* § 7.02(B) (elaborating on the elimination of the copyright notice requirement under the Berne Implementation Act); *Id.* § 7.16(B) (discussing the repeal, pursuant to Berne Implementation Act, of the registration requirement as a condition to copyright protection, the creation of post-creation registration requirements for United States works before infringement action can be instituted, and the notion that no such registration requirements can exist for “non-U.S. Berne works”).

28. *See* Berne Convention, *supra* note 26, art. 5(2).

29. 17 U.S.C. § 101 (1995) defines a work as a “United States work”, for purposes of 17 U.S.C. § 411, only if:

- (1) in the case of a published work, the work is first published—
  - (A) in the United States;
  - (B) simultaneously in the United States and another treaty party or parties, whose law grants a term of copyright protection that is the same as or longer than the term provided in the United States;
  - (C) simultaneously in the United States and a foreign nation that is not a treaty party; or
  - (D) in a foreign nation that is not a treaty party, and all of the authors of the work are nationals, domiciliaries, or habitual residents of, or in the case of audiovisual work legal entities with headquarters in, the United States;
- (2) in the case of an unpublished work, all the authors of the work are nationals, domiciliaries, or habitual residents of the United States, or, in the case of an unpublished audiovisual work, all the authors are legal entities with headquarters in the United States; or
- (3) in the case of a pictorial, graphic, or sculptural work incorporated in a building or structure, the building or structure is located in the United States.

30. *See* 17 U.S.C. § 411(a) (1995).

31. *See id.* §§ 504, 505.

32. *See* NIMMER ON COPYRIGHT, *supra* note 27, at § 7.01(A) (stating that, “for non-American Berne claimants, the formality of copyright registration is no longer a prerequisite to filing an infringement action”). However, the 17 U.S.C. § 101 definition of a “United States work” is so broad that many works of non-American Berne claimants could fall within the meaning of a “United States work” and, thus, be subject to the post-creation formalities of U.S. copyright law. *See supra* note 29 for this broad definition.



still vary in Berne Convention nations.<sup>33</sup> Additionally, variations can exist nation to nation concerning copyright duration,<sup>34</sup> the criteria for determining independent creation of a work,<sup>35</sup> the criteria for determining fair use,<sup>36</sup> how a nation's laws interpret "expression," which is protected by copyright, compared with mere ideas,<sup>37</sup> and how a nation's laws treat the ownership of works created by an employee within the scope of employment or by a commissioned third party.<sup>38</sup> Accordingly, one should understand the degree of protection truly available overseas before releasing valuable works that could migrate to a foreign nation.

Although the Berne Convention does not require it, some American companies should consider obtaining a copyright registration in select foreign nations to obtain a tangible certificate of ownership in that nation. Tangible registration certificates can help American companies in their efforts to combat copyright infringement in certain foreign nations, particularly when working with foreign customs officials. Also, while United States' adherence to the Berne Convention technically eliminated the "formality" of mandating a copyright

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33. For example, the scope of copyright protection for computer programs and databases varies by nation. For review of some of the key differences between the Japanese approach to copyright protection and the American approach, see generally Dennis Karjala & Keiji Sugiyama, *Fundamental Concepts of Japanese and American Copyright Law*, 36 AM. J. COMP. L. 613 (1988) [hereinafter Karjala].

34. The Berne Convention only establishes minimum copyright terms. Thus, copyright terms can vary by nation. Indeed, until the recent adoption of the Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998) (codified in scattered sections of 17 U.S.C.) [hereinafter Copyright Term Extension Act], certain copyright terms were shorter in the United States than in the European Union. For arguments against passage of the Copyright Term Extension Act, see Dennis S. Karjala, *Statement of Copyright and Intellectual Property Law Professors in Opposition to H.R. 604, H.R. 2589, and S. 505*, at <http://www.public.asu.edu/~dkarjala/legmats/1998Statement.html> (last modified Jan. 28, 1998) (on file with *The Transnational Lawyer*).

35. United States law has devised an "access plus probative similarity" test to determine if one party has independently created a work and, thus, negating an argument that such party has infringed on the work of another party. See NIMMER ON COPYRIGHT, *supra* note 27, §12.10[B][2][[b]]. This test has not necessarily been adopted in other nations. See, e.g., Karjala, *supra* note 33, at 663-68 (discussing Japan's independent production rule).

36. See 17 U.S.C. § 107 (1995) for the U.S. "fair use" standard. For discussion of Japan's "fair use" standard, see generally J. P. ERRICO, *LICENSING LAW HANDBOOK 1995-1996 EDITION: PACIFIC RIM INTELLECTUAL PROPERTY LAW*, 188-89 (1995) [hereinafter ERRICO].

37. Under fundamental United States copyright principles, copyright protection only extends to the expression of an idea and not to the underlying idea. See 17 U.S.C. § 102 (1995). Thus, pure ideas, if not reduced to the author's tangible expression, are not protectable under United States copyright law. *Id.* While this principle of law is generally accepted in many nations, the courts of certain nations, including Japan, have muddled this "idea versus expression" dichotomy. See generally Karjala, *supra* note 33, at 629-47, 649-650, 655-662.

38. The United States and certain other nations recognize a general principle that works of an individual author performed in the scope of that person's employment, or certain works specifically commissioned pursuant to an agreement with an independent contractor, will be owned, respectively, by the employer or the commissioning entity. For a discussion of "work for hire" and "work made for a contract" concepts under Japan's copyright law, see JAPAN EXTERNAL TRADE ORGANIZATION, *INTELLECTUAL PROPERTY LAWS II* 31-32 (1997).

notice as a condition precedent to protection in the United States,<sup>39</sup> use of copyright notice is still the best practice. Current U.S. law only provides that copyright notice “may be placed on publicly distributed copies”<sup>40</sup> rather than providing for the mandatory language previously contained in the statute.<sup>41</sup> Nonetheless, copyright notice is desirable to counter a defense of innocent infringement and may still be needed to obtain protection under certain copyright conventions other than the Berne Convention.<sup>42</sup>

In addition to the “economic rights” outlined above,<sup>43</sup> the Berne Convention also requires its member nations to recognize the “moral rights” of the *original* author of a work.<sup>44</sup> The original author’s moral rights, which can survive the transfer of the work to subsequent owners, include the “right of attribution,” which is the right of the original author to always claim authorship, and the “right of integrity,” which includes the original author’s right to prevent any distortion, mutilation, modification or any other derogatory actions in relation to that work if such actions are prejudicial to the original author.<sup>45</sup> The level to which nations have amended their laws to respect these moral rights greatly varies. Many European Union nations, such as France, have longstanding and significant moral rights protections.<sup>46</sup> The United States, on the other hand, has been criticized by other Berne Convention nations, particularly those in the European Union, for not adequately amending its laws to truly adhere to the moral rights obligations of the Berne Convention.<sup>47</sup> Thus, the owner of a work who is not the original author should verify the extent of moral rights laws in a particular nation before making any alterations or modifications to a work.

#### IV. PATENTS

The United States patent system grants a monopoly to an inventor for a certain number of years in exchange for the inventor’s public disclosure of the details of his invention.<sup>48</sup> The invention becomes public domain once the patent registration expires.<sup>49</sup> To obtain a utility patent—the most common type of patent

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39. See *supra* note 27 and accompanying text.

40. See 17 U.S.C. § 401 (1995).

41. For a discussion of copyright notice in the United States, see generally NIMMER ON COPYRIGHT, *supra* note 27 at §§ 7.02-7.15.

42. *Id.*

43. See *supra* text accompanying note 25.

44. Berne Convention, *supra* note 26, art. 6bis.

45. *Id.*

46. See Geri J. Yonover, *The Precarious Balance: Moral Rights, Parody, and Fair Use*, 14 CARDOZO ARTS & ENT. L.J. 79, 87-91 (1996).

47. See European Commission for Relations with the United States of America, 1999 Report on United States Barriers to Trade and Investment 48, at [http://europa.eu.int/comm/external\\_relations/us/trade\\_barriers\\_report\\_99/usrbt99.pdf](http://europa.eu.int/comm/external_relations/us/trade_barriers_report_99/usrbt99.pdf) (last visited Dec. 8, 2001) (on file with *The Transnational Lawyer*).

48. See 35 U.S.C. § 154 (a)(1) (2001).

49. See *id.*

in the United States—the inventor must file an application with the United States PTO and establish that the invention is of the type covered by statute, is “non-obvious” and “novel” in relation to prior inventions, and is “useful.”<sup>50</sup>

There are a number of international agreements and treaties that can assist an American entity in its efforts to seek patent protection in multiple nations. For example, all American companies contemplating multinational patent applications should be aware of the benefits of the Paris Convention.<sup>51</sup> Pursuant to this multinational convention, if a national of a Paris Convention member nation files a patent application in *any* member nation, any subsequent applications in a Paris Convention member nation filed within twelve months of the first application will enjoy (as a “priority date”) the filing date of the original application.<sup>52</sup> Thus, the timing of applications in multiple nations can be critical.

The benefits of the Patent Cooperation Treaty (PCT),<sup>53</sup> an agreement administered by WIPO, is also available to Paris Convention member nations. Pursuant to the PCT, the WIPO, along with the patent agencies of certain nations, coordinates the simultaneous filing of patent applications in PCT member nations, allowing the same filing date (i.e., “priority date”) in all of those nations.<sup>54</sup> Thus, the PCT provides significant benefits to invention owners because it provides a simplified procedure to simultaneously file patent applications in several nations. Some additional advantages of the PCT include: (1) an international search that is conducted which allows the applicant to determine the feasibility of obtaining patent protection in the various nations in which applications have been submitted; and (2) the applicant can effectively defer substantive examination of the applications submitted to the member nations for as long as thirty months from the priority date.<sup>55</sup> However, the PCT is not a substitute for a substantive examination by each member nation; it merely aids practitioners by simplifying the process of submitting applications and obtaining preliminary searches.

Notwithstanding the harmonization efforts of the Paris Convention and the PCT, American companies seeking overseas protection of their inventions must be keenly aware of patent practices that, while common in many foreign nations, may greatly differ from practices in the United States. For example, contrary to the practice in many other nations, United States law still adheres to the “first-to-invent” registration system, which mandates that only the inventor who first conceived the idea for a particular invention and reduced it to practice will be

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50. *Id.* §§ 101-03. Once granted, a utility patent grants to the owner the exclusive right to exclude all others from the manufacture, use, or sale of the invention during the patent term. *Id.* § 154.

51. *See generally* Paris Convention, *supra* note 14.

52. *Id.*

53. Patent Cooperation Treaty, June 19, 1970, 28 U.S.T. 7645, T.I.A.S. No. 8733 [hereinafter PCT]. For general discussion of the PCT, *see* James R. Cartiglia, *The Patent Cooperation Treaty: A Rational Approach To International Patent Filing*, 76 J. PAT. & TRADEMARK OFF. SOC'Y 261-75 (1994).

54. *See id.*

55. *See id.*

entitled to a patent.<sup>56</sup> Indeed, most other nations adhere to the “first-to-file” registration system, which grants patent rights to the first person who files a patent application for a particular invention, even if the applicant was not the first person to conceive the idea for that invention.<sup>57</sup>

Also, many foreign nations deny a patent for an invention that is not “absolutely novel” prior to the filing of the patent application, and offer very limited exceptions to this harsh rule.<sup>58</sup> Indeed, the actions of the inventor prior to submitting the patent application could destroy the “absolute novelty” of that invention. For example, under Japan’s Patent Law,<sup>59</sup> if prior to filing a patent application, the invention is publicly known or used in Japan or abroad, if it is described in a printed publication and distributed, or if it became publicly available through electric telecommunications in Japan or abroad, the Japanese Patent Office (JPO) will deny registration of the patent because the invention is no longer “absolutely novel.”<sup>60</sup> Inventors submitting applications in the United States, on the other hand, can take advantage of a more liberal U.S. rule that permits the inventor to file for a patent within one year of publication or other use of the invention without destroying the invention’s “novelty” under U.S. Patent Act.<sup>61</sup> However, U.S. inventors must understand that most other nations do not recognize the United States’ more liberal exceptions to “novelty.” Therefore,

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56. See 35 U.S.C. §§ 102(g), 135 (2001). For a discussion of the U.S. “first-to-invent” patent registration system, see generally Charles R. B. Macedo, *First-To-File: Is American Adoption Of the International Standard In Patent Law Worth The Price?*, 18 AIPLA Q.J. 193 (1990).

57. See Jennifer Chung, *Does Simultaneous Research Make an Invention Obvious? The 35 U.S.C. § 103 Nonobvious Requirement For Patents as Applied to the Simultaneous Research Problem*, 11 ALB. L.J. SCI. & TECH. 337, 342 (2001) (observing that Japan and Germany are among many nations who use a first-to-file registration system); see also Note, *Patent Flooding in the Japanese Patent Office: Methods For Reducing Patent Flooding and Obtaining Effective Patent Protection*, 27 GEO WASH. J. INT’L L. & ECON. 531 (1993-94) (discussing how Japan’s “first-to-file” registration system, along with other Japanese patent practices, fosters patent flooding in Japan). Patent flooding is often defined as the practice of filing a “flood” of patents with the Japan Patent Office (JPO) claiming minor changes around the core technology of a patent held by another company, often a competitor. See *id.* at 532-35; see also Dan Rosen and Chikako Usui, *The Social Structure of Japanese Intellectual Property Law*, 13 PAC. BASIN L.J. 32 (1994) [hereinafter Rosen & Usui] (observing how the traditional role of intellectual property in Japan fosters patent flooding).

58. See, e.g., Margaret A. Boulware, et al., *An Overview of Intellectual Property Rights Abroad*, 16 HOUS. J. INT’L L. 441, 465 (1994) (noting, for example, that China observes the “absolute novelty” rule).

59. See generally Japan Patent Law, Law No. 121 of 1959, art. 36; see also HERBERT F. SCHWARTZ, *PATENT LAW & PRACTICE* 9 (2d ed. 1995).

60. See Japan Patent Law, Law No. 121 of 1959, art. 29; see also Japanese Patent Office, *Implementing Guidelines for Examination of Industrially Applicable Inventions*, § 1.1 (Feb. 27, 1997) [hereinafter *Industrial Examination Guidelines*], available at <http://www.jpo-miti.go.jp/infoe/txt/industry-e.txt> (last visited Nov. 19, 2001) (copy on file with *The Transnational Lawyer*); see also ERICCO, *supra* note 36 at 159-60. Japanese law provides for very limited exceptions to this harsh rule (for example, if the invention is disclosed during certain government approved scientific meetings and the inventor submits an application with the JPO within six months of such disclosure).

61. See 35 U.S.C. § 102(b); see also SCHWARTZ, *supra* note 59, at 64-68. This one-year period is often referred to as a “grace period,” during which an inventor or a third party may disclose an invention without the inventor losing the right to obtain a patent. See ROBERT PATRICK MERGES, *PATENT LAW AND POLICY: CASES AND MATERIALS* 226 (2d ed. 1997).

while “novelty” may not be destroyed in the United States pursuant to this more liberal exception, “novelty” could be destroyed in many other nations.

Several foreign nations officially “lay-open,” or release to the public, the contents of a patent application within eighteen months of the filing date.<sup>62</sup> The theoretical purpose of this practice is to encourage the general public of that nation to inform the nation’s patent examiners of prior inventions which could be the basis for denying a patent for an applied invention. Unfortunately, in several nations, particularly in developing nations, the practical effect of this procedure is to hand over the details of an invention to the inventor’s competitors. Additionally, if the patent is ultimately denied, the inventor will normally also lose trade secret protections.

The United States has traditionally viewed the patent prosecution process as a confidential process. Until U.S. patent law was amended in November 1999, the U.S. patent prosecution process was completely confidential.<sup>63</sup> Consequently, the United States did not adhere to the international trend of publishing patent applications after a specific period of time. However, section 122 of the Patent Act was amended to allow the publication of U.S. patent applications after the expiration of the eighteen-month period from the application date.<sup>64</sup> One significant exception to the statute provides that a U.S. patent application shall *not* be published after the expiration of the above mentioned eighteen month period if the applicant makes a request upon filing not to publish that application, provided such request contains a certification that the invention disclosed in the U.S. application has not, and will not, be the subject of an application filed in another country or under a multilateral international agreement that requires publication of applications eighteen months after filing.<sup>65</sup> Pursuant to the U.S. Patent Act, if a request is made for non-publication but the applicant subsequently files an application in a foreign country or under a multilateral treaty that publishes applications, the applicant must notify the PTO no later than forty-five days after the date of filing the application in the foreign country or international organization.<sup>66</sup> Failure to notify the PTO within that forty-five day period will result in the U.S. patent application being deemed abandoned, unless one can demonstrate to the satisfaction of the PTO Director that the delay in submitting the notice was unintentional.<sup>67</sup>

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62. For a discussion of the history leading up to the implementation of the “lay-open” rule in individual countries, see generally John F. Duffy, et al., *Early Patent Publication: A Boon or Bane? A Discussion on the Legal and Economic Effects of Publishing Patent Applications After Eighteen Months of Filing*, 16 CARDOZO ARTS & ENT. L.J. 601 (1998).

63. 35 U.S.C. §122 (amended Jan. 2, 1975, Public Law 93-596, sec. 1, 88 Stat. 1949).

64. See *id.* (amended Nov. 29, 1999, Public Law 106-113, §100(a)(9), 113 Stat. 1501A-563 (S.1948 §4503(b)(1))) (listing the exceptions for retaining confidentiality of U.S. patent applications).

65. *Id.* §122(b)(2)(B)(i).

66. *Id.* §122(b)(2)(B)(iii).

67. *Id.*

In many nations, including Japan, an applicant can, for a significant number of years, defer the substantive examination of the claims made by the patent applicant. Applicants in nations such as Japan utilize deferred examination in order to maintain a priority date for a particular invention while avoiding significant fees which occur at the stage of the substantive examination. During this period, inventors often determine if the invention is truly worth the cost involved in completing the substantive examination process.

Finally, many nations have strong "compulsory licensing" laws which can force a patent owner to license his patent to a third party if the patent has not been "adequately worked" in that nation for a time period specified by statute.<sup>68</sup> Accordingly, any American company with an invention which may be sold or distributed overseas should formulate the company's domestic and international strategy for maximizing all protections for such invention before disclosing, distributing, or otherwise using that invention.

## V. TRADE SECRETS

In the United States, trade secrets are generally considered confidential, proprietary information of an owner which is used in the owner's business to provide an economic value or advantage to that owner because the information is not generally known to the public—and under circumstances where the owner has taken reasonable measures to keep the information secret.<sup>69</sup> Trade secrets can include confidential formulas, customer lists, patterns, methods, techniques, and processes.<sup>70</sup> A key element differentiating trade secrets from trademarks, copyrights, and patents is that trade secrets are not necessarily filed or registered with any governmental entity, but are primarily protected by efforts of the owner through contract, and by otherwise taking measures to keep the information secret. Thus, if an owner does not want to make a formal intellectual property filing or registration for some proprietary know-how because that know-how will, as a result of such filing or registration, become public knowledge, the trade secret can potentially be protected under varied common law principles and trade secret statutes of the applicable state. The Coca-Cola formula is likely the most famous example of proprietary know-how that has been protected merely by trade secret protection, and not by any formal intellectual property filings or registrations (such as a patent for the formula).

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68. For a discussion of the use of compulsory licensing laws abroad, see generally Cole M. Fauver, Comment, *Compulsory Patent Licensing in the United States: An Idea Whose Time Has Come*, 8 J. INT'L. L. BUS. 666 (1988).

69. See, e.g., U.S. Patent and Trademark Office website, available at <http://www.uspto.gov/main/glossary/index.html> (last visited Nov. 19, 2001) (on file with *The Transnational Lawyer*) (defining "trade secrets").

70. See *United Steelworkers of America v. Auchter*, 763 F.2d 728, 740 (3d Cir. 1985) (citing 29 C.F.R. 1910.1200(c) (1984)); see also *Ruckelshaus v. Monsanto*, 467 U.S. 986 (1984).

While recent international treaties, including TRIPs,<sup>71</sup> have recognized the significance of international trade secret protection, and while a growing number of nations have adopted laws protecting trade secrets, the ability of American companies to effectively protect trade secrets overseas continues to be a significant problem. For example, while many developing nations have begun to adopt Western style intellectual property laws as a result of TRIPs, such laws are often not effectively enforced or are simply ignored.<sup>72</sup> American entities must also be wary of relying solely on the protections provided by the trade secrets laws of certain developed nations, such as Japan, due to the difficulty of effectively enforcing those rights in the courts of such nations.<sup>73</sup> Accordingly, every American entity must fully analyze all risks associated with revealing any trade secrets to overseas contacts, including the entity's own overseas employees, even if that overseas contact has agreed to sign a confidentiality agreement.

## VI. CONCLUSION: MECHANISMS FOR PROTECTING INTELLECTUAL PROPERTY RIGHTS OVERSEAS

The development of, and philosophical basis for, the enactment and enforcement of intellectual property law differs widely from nation to nation.<sup>74</sup> Indeed, while many developing nations have begun to adopt American style intellectual property laws, many of those laws are not effectively enforced or are simply disregarded.<sup>75</sup> The People's Republic of China (PRC), for example, enacted new intellectual property laws during the 1990s. Yet, the United States and other industrialized nations continue to express concern at the level of piracy that continues to exist in that nation.<sup>76</sup> Several mechanisms, however, exist to

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71. See *supra* note 17. TRIPs is one of the first multinational treaties to recognize the significance of trade secrets protection. During the TRIPs negotiations, many developing nations resisted this recognition. Accordingly, TRIPs only provides for a minimal framework for trade secret protection that member nations must establish in their laws.

72. See *infra* notes 74-82 and accompanying text.

73. While Japan's UCPA provides protection for trade secrets, the Japanese constitutional requirement that all court proceedings ultimately be publicly disclosed creates a major quandary for American companies seeking to utilize the UCPA to protect those trade secrets. See M. Margaret McKeown, *Trade Secret Protection in Japan: A New Era*, 2 INT'L COMPUTER LAW. 19 (Jan. 1994) (copy on file with *The Transnational Lawyer*).

74. See generally Marshall A. Leaffer, *Protecting United States Intellectual Property Abroad: Toward A New Multilateralism*, 76 IOWA L. REV. 273 (1991) (comparing how intellectual property rights are viewed in developing nations versus developed nations). For general discussion of how Japan, a developed nation, may view intellectual property rights differently than how such rights are viewed in the United States and other Western nations, see generally Rosen & Usui, *supra* note 57.

75. *Id.*

76. See Andrew J. McCall, Comment, *Copyright and Trademark Enforcement in China*, 9 TRANSNAT'L LAW. 587 (1996) (detailing the philosophical basis of the People's Republic of China's (PRC) approach to intellectual property protection, and U.S. efforts in the 1990s to address the PRC's inadequate intellectual property laws and enforcement); see also Naigen Zhang, *Intellectual Property Law Enforcement in China: Trade Issues, Policies and Practices*, 8 FORDHAM INTELL. PROP. MEDIA & ENT. L.J. 63 (1997) (discussing issues surrounding enforcement of intellectual property rights in the PRC).

address these problems, including multilateral treaties and agreements, bilateral agreements, U.S. unilateral trade sanctions, and private industry action.

In the global context, the United States will likely continue its efforts to battle such piracy by encouraging global harmonization of intellectual property rights and stronger enforcement of such rights pursuant to various multilateral intellectual property treaties, agreements, and conventions (IP Multilateral Agreements).<sup>77</sup> The WIPO, which was formed primarily to administer and monitor the compliance of nations with many of these IP Multilateral Agreements,<sup>78</sup> will likely also promote new treaties that seek greater harmonization. While these multilateral efforts are, of course, essential, they should nevertheless be viewed as long-term harmonization efforts.

Dissatisfied with the enforcement mechanisms of various IP Multilateral Agreements, the United States government has often negotiated and entered into bilateral agreements with certain nations to better protect the intellectual property interests of American companies in the applicable nation.<sup>79</sup> Some of these bilateral agreements have targeted nations, particularly the PRC,<sup>80</sup> that are viewed as tolerating piracy. The United States has also entered in bilateral agreements with certain developed nations to address specific intellectual property concerns.<sup>81</sup> If such bilateral negotiations or agreements prove ineffective, the United States can also threaten to impose unilateral trade sanctions against a nation pursuant to Section 301 of the Omnibus Trade and Competitiveness Act of 1988,<sup>82</sup> to force such nations to amend, and better enforce, their intellectual

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77. See generally Tara Giunta & Lily Shang, *Ownership of Information in a Global Economy*, 27 GEO. WASH. J. INT'L L. & ECON. 327 (1993-94) (discussing the multilateral approach to harmonization).

78. For a discussion of the WIPO, see *supra* note 2.

79. For a discussion of use of bilateral agreements as mechanism for protecting intellectual property rights, see generally Giunta & Shang, *supra* note 77.

80. See *supra* notes 74-76 and accompanying text.

81. For discussion of the 1994 bilateral agreements between the United States and Japan addressing certain patent law and procedure issues, see generally ERRICO, *supra* note 36, at 178-182. For additional analysis of the 1994 patent understanding between the U.S. and Japan, see Stephen Levavich, *The New Japan-U.S. Patent Agreements: Will They Really Protect U.S. Patent Interests in Japan?*, 14 WISC. INT'L L.J. 155 (1995).

82. 19 U.S.C. §2242(a)(1)(A) (2001). The Omnibus Trade and Competitiveness Act of 1988, Pub. L. No. 100-418, 102 Stat. 1107 (1988) [hereinafter the OTC Act], which recognized that the protection of intellectual property rights was a new priority of the United States' trade policy, greatly enhanced the role of the U.S. Trade Representative ("USTR") in protecting intellectual property rights overseas. The OTC Act established a "Special 301" procedure pursuant to which the USTR annually identifies nations that have not enforced intellectual property rights, have not enacted laws to protect intellectual property rights, or have failed to meet the provisions of bilateral agreements that were entered into with the United States. These "Special 301" Annual Reviews break these nations into three categories of concern: the "Priority Foreign Country" (most egregious), the "Priority Watch List," and the "Watch List." See Alisa M. Wrase, Note, *U.S. Bilateral Agreements and the Protection of Intellectual Property Rights In Foreign Countries: Effective For U.S. Intellectual Property Interests or a Way Out of Addressing the Issues?*, 19 DICK. J. INT'L L. 245 (2000) (detailing the provisions of Section 301 of the OTC Act and the Special 301 Annual Review); see generally USTR's web site available at <http://www.ustr.gov> (last visited Dec. 5, 2001) (copy on file with *The Transnational Lawyer*).



property laws. However, it will likely take years before these efforts will significantly reduce the risk of piracy overseas.

Private industry can also play a role in enhancing the enforcement of intellectual property rights overseas.<sup>83</sup> First, American corporations can encourage the U.S. Trade Representative to address concerns in certain nations. Second, and in a more practical way, American companies can conduct business wisely overseas in an effort to minimize the potential for piracy and other loss of intellectual property rights.

Therefore, it is incumbent upon every American entity doing business overseas to fully investigate the level of intellectual property protection in a nation and, particularly, the risk of piracy, before doing business in that nation. Additionally, an American entity can take practical steps to enhance the protection of its own rights by: (1) conducting intellectual property audits to determine the value of its intellectual property rights and the status of protection; (2) limiting disclosure of intellectual property rights within the corporation and its foreign distributors, licensees, and other contacts; (3) learning the law, bureaucracy and customs of all nations in which the corporation does business; and (4) developing strategic alliances with local people in order to discourage piracy.

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83. For discussion of actions that private industry can take, see generally Giunta & Shang, *supra* note 77. See also John M. Vassiliades, *Protection of Copyright and Trademark Rights in China*, in GLOBAL TRADEMARK & COPYRIGHT 16-18 (PLI PAT., COPYRIGHTS, TRADEMARK & LITERARY PROP. COURSE HANDBOOK SERIES NO. G-417) (1995) (explaining the benefits of "partnering" to discourage intellectual property piracy in the PRC).